

OVERVIEW OF BUDGET

DEPARTMENT: COUNTY ADMINISTRATIVE OFFICE
COUNTY ADMINISTRATIVE OFFICER: JOHN MICHAELSON
BUDGET UNIT: CONTINGENCIES AND RESERVES
(AAA CNA, CNG, CNR, CON)

I. GENERAL PROGRAM STATEMENT

Board Policy requires the county to maintain an appropriated contingency fund to accommodate unanticipated operational changes, legislative impacts or other economic events affecting the county's operations which could not have reasonably been anticipated at the time the budget was prepared. Funding for contingencies is targeted at 1.5% of locally funded appropriations. The contingency budget also includes an annual base allocation of \$1,000,000 for high priority district and program needs. Final budget action includes a provision that allocates any difference between estimated and final fund balance to contingencies. Any such difference is allocated to the set aside for specific uncertainties.

County reserves include both general purpose and specific purpose reserves. General purpose reserves are funds held to protect the county from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the county. Board policy requires the establishment of an ongoing general purpose reserve for the general fund targeted at 10% of locally funded appropriations. Specific reserves are funds held to meet future known obligations or to build a reserve for capital projects.

II. BUDGET & WORKLOAD HISTORY

	Actual 1999-00	Budget 2000-01	Actual 2000-01	Budget 2001-02
Contingencies				
Per County Policy	-	4,350,000	-	4,530,000
Set aside for Grant Matches	-	-	-	1,100,000
Set aside for Specific Uncertainties	-	13,896,417	-	23,665,771
Transfers - High Priority Policy Needs	457,000	1,365,200	264,025	2,101,175
	<u>457,000</u>	<u>19,611,617</u>	<u>264,025</u>	<u>31,396,946</u>

Actual uses of contingencies are reflected in departmental budget units.

III. HIGHLIGHTS OF BOARD APPROVED CHANGES TO BUDGET (see attachments for detailed changes)

A. Contingencies

A base allocation to the contingency budget of \$4,530,000 is established pursuant to Board policy, based on projected locally funded appropriations of \$301.6 million. An additional base allocation of \$1,000,000 (transfers) is established for high priority district and program needs.

In final budget action, the Board allocated an additional \$25,866,946 of available financing to contingencies. Of this amount \$1,100,000 is set aside for potential grant matches and \$23,665,771 is set aside for specific uncertainties. Specific uncertainties include uncertainty surrounding state finances, salary negotiations with the county's non-safety employees whose contract expires on December 31, 2001, increases in utility costs, and pending litigation. The Board also re-appropriated the unspent allocation of \$1,101,175 of the 2000-01 high priority needs to the 2001-02 budget bringing the total to \$2,101,175.

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B. Reserves

General purpose reserves are increased by \$2.8 million to conform to the Board policy. This increase is based on projected locally funded appropriations of \$301.6 million and brings the balance of general purpose reserves to \$30.2 million. Specific reserves include a planned ongoing general fund contribution of \$3.3 million to the Justice Facilities Reserve. During 2000-01 the Board approved the use of \$4.1 million of the Justice Facilities Reserve. This included \$1.9 million for the High Desert Detention Center, \$1.5 million for the Sheriff Substation expansion in Fontana, \$.4 million to the High Desert Juvenile Detention facility and \$.3 million to the Glen Helen Women's Correctional facility.

	2000-01 <u>Designations</u>	Mid-Year <u>Uses</u>	2001-02 <u>Contributions</u>	2001-02 <u>Designations</u>
General Purpose Reserves				
Subsequent yrs expenditures	6,500,000		2,800,000	9,300,000
Economic Uncertainty	13,627,528			13,627,528
Lease/Leaseback Security	<u>7,300,000</u>			<u>7,300,000</u>
Total General Purpose Reserves	27,427,528			30,227,528
Specific Purpose Reserves				
Medical Center debt service	31,992,306			31,992,306
Justice Facilities	9,329,427	(4,124,019)	3,300,000	8,505,408
WV juv max security fac	1,492,986			1,492,986
Future retirement rate increase	<u>1,500,000</u>			<u>1,500,000</u>
Total Specific Purpose Reserves	44,314,719			43,490,700
Total Reserves	71,742,247			73,718,228